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Economic statistics: Special Data Dissemination Standard and General Data Dissemination System of the International Monetary Fund, including data quality

Report of the IMF on the Special Data Dissemination Standard and the General Data Dissemination System, and issues of data quality

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the International Monetary Fund on the Special Data Dissemination Standard and the General Data Dissemination System, and issues of data quality, which is contained in the annex. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its thirtieth session.[1]

Notes

[1] See *Official records of the Economic and Social Council, 1999, Supplement No. 4* (E/1999/24), chap. I.B.

* E/CN.3/2000/1.

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Annex

Report of the International Monetary Fund on the Special Data Dissemination Standard and the General Data Dissemination System, and issues of data quality

1. At its thirtieth session, the Statistical Commission, following discussion under item 3 (e) of its agenda, requested the International Monetary Fund (IMF) to submit a report to the Commission at its thirty-first session on the IMF data dissemination initiative, including work on data quality within the initiative. The present report covers developments in the past year with respect to:

- The strengthening of the Special Data Dissemination Standard (SDDS) in the wake of the recent financial crisis;
- The application of the data dissemination standards, including in the reports on observance of standards and codes;
- Work on data quality;
- The status of the General Data Dissemination System (GDDS).

Background information concerning SDDS and GDDS is available on the Dissemination Standards Bulletin Board at:

http://dsbb.imf.org

Strengthening of the SDDS

2. In the wake of the financial crisis that began in 1997, discussions in numerous international forums focused on the desirability of strengthening the prescriptions and data dimension of SDDS in the areas of international reserves, external debt and indicators of financial sector soundness.[a] Work is proceeding in all three areas.

3. The international reserves data category was strengthened by the IMF Executive Board in March 1999. The new prescription, in the form of a template covering data on international reserves and liquidity, reflects experience in a number of countries and extensive consultations with data users in the public and private sectors and statistical compilers. The template was finalized in cooperation with a working group of the Committee on the Global Financial System of the Group of Ten Major Industrial Countries (G-10) central banks, which have adopted the same approach in their data-dissemination activities. SDDS subscribers have until March 2000 to implement the strengthened prescription. In order to facilitate implementation of the new international reserves template, the Fund staff has developed operational guidelines, which have benefited from review and comments by a broad range of subscribers and potential subscribers to SDDS and by international organizations.

4. As reported to the Statistical Commission in 1999, initial steps were taken to introduce a separate data category in SDDS on external debt. The need for more comprehensive and timely data on external debt has been no less urgent than the need for such information on international reserves and liquidity, but the practical issues involved in providing such information were more difficult. The IMF Executive Board asked its staff to develop proposals for implementing the new data category after further consultations with countries, data users and other international organizations. A key element of the consultations was a questionnaire on country practices. Reports on the results of that questionnaire have been or are to be made, for example, to the IMF Committee on Balance of Payments Statistics, the *Balance of Payments Statistics Newsletter*, the Inter-Agency Task Force on Finance Statistics and a conference on capital flow and debt statistics to be hosted by IMF in late February 2000. The questionnaire and other feedback will provide input into the recommendations, including on the length of the transition period to allow SDDS subscribers to bring external debt data into line, which will be submitted to the IMF Executive Board as part of the third review of SDDS to be conducted in March 2000.[b]

5. Work towards a set of indicators of financial sector soundness — so-called macroprudential indicators (MPIs) — is at an early stage. A consultative meeting on MPIs to consider, *inter alia*, the identification of relevant indicators, how to measure them and their possible inclusion in SDDS was held at IMF headquarters in September 1999. The meeting

drew on a range of expertise of national authorities, users of such data and international organizations, and concluded that it was premature to consider including MPIs in SDDS, a conclusion that will be considered by the IMF Executive Board at a meeting scheduled for early January 2000. The background paper prepared by IMF staff for the consultative meeting and later updated to reflect its conclusion is to be published.

Applications of the data dissemination standards

6. A primary purpose of the dissemination standards was to provide encouragement to and serve as a framework for the improvement of data, data dissemination and statistical systems, more generally. The November 1999 meeting sponsored by the Organisation for Economic Cooperation and Development (OECD), the World Bank, the United Nations and IMF on statistical capacity-building was one occasion that highlighted that role. In one of the case studies on statistical capacity-building submitted to the meeting, the General Manager of the Bank of the Republic of Colombia spoke of the advantages of using SDDS to strengthen the statistical system, including to foster close cooperation among the different agencies producing statistics (see joint press release of 19 November 1999 of the four sponsoring organizations, available on the IMF web site at: http://www.imf.org.).

7. In the wake of the recent world financial crises, attention focused increasingly on developing and implementing international standards and codes as a means of strengthening the international financial architecture. In line with that new emphasis, IMF, in cooperation with other institutions, has been called upon to make assessments of country practices relative to those standards and codes.[c] By the end of 1999, two rounds of experimental assessments — reports on the observance of standards and codes — had been completed. Such reports comprise two elements: a description of country practices, primarily in the core areas that directly impact on IMF work, and an independent commentary by IMF staff on the extent to which those practices are consistent with the standard being assessed. A third round has begun. Data dissemination has been included in reports for nine countries to date (most of the reports are available on the IMF web site at: http://www.imf.org/external/np/rosc/index/htp). There has been encouraging feedback from a number of participating national authorities and financial market participants on the value of the exercises. The assessments are still at an experimental stage, and their content and format therefore continue to evolve to meet the international community's needs.

Data quality

8. The quality dimensions of SDDS and GDDS call for data users to be provided with information with which to assess the quality of data. In the light of the difficulties of assessing data quality, the approach taken was to ask countries to describe the sources and methods used in compilation, including differences from international statistical guidelines, and to provide statistical cross-checks. That approach was designed to help data users judge if the data meet their requirements, as well as to provide some pressure to move toward international guidelines. There has been some questions whether that approach is sufficiently robust. IMF has welcomed a discussion of ways in which SDDS and GDDS could be used to encourage improvements in data quality and deepen understanding of data-quality issues among users.

9. Experience with the reports on the observance of standards and codes has shown that assessments of dissemination practices, i.e., the extent to which countries adhere to disclosure standards, may fall short of the international community's expectations. By definition, such assessments are not meant to address the quality of the information disclosed. Further work has begun to see how the international community's expectations might be met more fully.

10. IMF is pushing forward with earlier work on a framework within which data quality can be assessed. One step which was anticipated by the Statistical Commission in 1999, is the establishment on the Dissemination Standards Bulletin Board of a reference site for data quality. By drawing on contributions by leading experts, the site introduces definitions of data quality (including broadly based user-satisfaction approaches), describes trade-offs among aspects of data quality and gives examples of evaluations of data quality. It also includes an international bibliography of papers and other sources. Further, IMF has engaged Statistics Sweden, building on that organization's long experience in the field, to help develop a framework. As the work proceeds, IMF expects to engage a

spectrum of data producers and users in a dialogue about this framework and how it might be used.

GDDS

11. GDDS bears significant resemblance to the better known SDDS but is in fact a very different tool. Its potential beneficiaries include countries that aspire to subscription to SDDS but require significant effort to strengthen their statistical systems before they can realistically expect to be ready for subscription, as well as other countries for which subscription to SDDS would be neither necessary nor appropriate. The differences between SDDS and GDDS are in fact highly significant:

- The SDDS contains the implicit assumption that the underlying statistical systems of a country are basically sound. GDDS, on the other hand, assumes that significant statistical development needs remain. Thus, GDDS pays primary attention to developing infrastructure and effecting improvements in a wide range of factors determining the quality of the data, whereas the primary concern of SDDS relates to data dissemination;
- In terms of dissemination standards, SDDS assumes that users require very timely data, while GDDS assumes that users are not as demanding in terms of data timeliness and periodicity;
- GDDS establishes general objectives for the development of national statistical systems of data production and dissemination, as opposed to the SDDS focus on meeting specific requirements dictated by the needs of international financial markets;
- The explicit expectation of SDDS is that subscribing countries will be able to be in observance of its requirements within a relatively short period of time. GDDS, on the other hand, encourages the adoption of programmes of statistical development by individual countries that include short-term and longer-term objectives;
- Finally, consistent with its focus on countries that are in development, GDDS extends the range of data covered from purely macroeconomic data to encompass also socio-demographic data.

12. Over recent months, IMF, with generous financial support from the Japanese Government, has convened a series of regional seminars to explain the concepts and practice of GDDS, to which all eligible countries have been invited to send representatives. It has also embarked on pilot work with a small number of countries. We are now entering the full implementation stage of GDDS, which in 2000, will involve (a) work with countries that have indicated their interest in participating in GDDS, and (b) the development of the Dissemination Standards Bulletin Board to present metadata of participating countries, including plans for improving their statistical systems.

Notes

[a] In addition, a transition period closing at the end of 2001 was established for annual data on the international investment position.

[b] To encourage wider availability of material dealing with SDDS and GDDS, a procedure was introduced subsequent to the thirtieth session of the Statistical Commission whereby the Statistics Department of IMF sends copies of papers dealing with SDDS and GDDS intended for discussion by the Executive Board directly to national statistical offices; it is intended that the third review paper will follow that procedure.

[c] In addition to SDDS and GDDS, the codes and standards include fiscal transparency, transparency of monetary and financial policies, accounting standards and corporate governance; see "Experimental IMF reports on observance of standards and codes: overview and invitation to comment", accessed on 21 September 1999 under "Standards and codes" on the IMF web site at: Http://www.imf.org.